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of the State of California
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7
8 **BEFORE THE**
BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

10 In the Matter of the Accusation Against:) NO. AC-99-3
11)
CLAYTON ALAN BROMBERG)
12 23133 Ventura Blvd., Ste. 201) DEFAULT DECISION AND
Woodland Hills, CA 91364) ORDER
13)
Certified Public Accountant No. CPA 36630)
14 Respondent.)
15

16 On December 31, 1998, Accusation number AC-99-3 was filed by
17 Carol B. Sigmann, Executive Officer (hereinafter "Complainant") before the Board of
18 Accountancy (hereinafter the "Board"), Department of Consumer Affairs of the State of
19 California, against Clayton Alan Bromberg (hereinafter "Respondent"), holder of Certified
20 Public Accountant Number CPA 36630.

21 On January 8, 1999, the Accusation, along with the Statement to
22 Respondent, Notice of Defense, Request for Discovery and Government Code Sections 11507.5,
23 11507.6 and 11507.7 (hereinafter the "Accusation Package") was served on Respondent by
24 certified mail (article Z038 375 029) and regular mail, both addressed to Respondent at 23133
25 Ventura Blvd., Ste. 201, Woodland Hills, California 91364. Respondent was properly served
26 with the Accusation Package on January 8, 1999, in a manner authorized by Government Code
27 section 11505(c) and Code of Civil Procedure section 11. No Notice of Defense has been

1 received from Respondent. The Office of the Attorney General is in receipt of the certified
2 return receipt for article Z 038 375 029, which is signed by J. Belyeu, a party unknown to the
3 Board.

4 Pursuant to Title 16, California Code of Regulations, section 3, each
5 licensee shall report to the Board in writing any change in his or her address of record within 30
6 days after the change. The report shall include the licensee's previous address of record. The
7 address of record is public information. Each licensee shall report to the Board in writing any
8 change in his or her telephone number within 30 days after the change. The report shall include
9 the licensee's previous telephone number. The section further states that if the address of record
10 is not the licensee's primary place of employment or residence, or is a post office box or mail
11 drop, then the licensee shall also report the street address and telephone number of either his or
12 her primary place of employment or his or her residence. The section further states that each
13 licensee shall report any change in the address of any location where he or she is engaged in the
14 practice of public accountancy within 30 days after the change. Each licensee shall report any
15 change in the telephone number of any location where he or she is engaged in the practice of
16 public accountancy within 30 days after the change. Respondent's address of record with the
17 Board is: 23133 Ventura Blvd., Ste. 201, Woodland Hills, California 91364.

18 Respondent failed to file a Notice of Defense, object, or otherwise contest
19 the Accusation and therefore is in default. The default of said Respondent having been duly
20 noted, the Board has determined that Respondent has waived his rights to a hearing to contest the
21 merits of the Accusation; that Respondent is in default and, pursuant to Government Code
22 section 11520 (a), the Board takes action on the Accusation and evidence herein without a
23 hearing, and makes the following findings:

24 **FINDINGS OF FACTS**

25 1. Carol B. Sigmann, Executive Officer of the Board of Accountancy, made
26 and filed Accusation number AC-99-3 solely in her official capacity.

27 ///

1 2. On or about January 28, 1983, Certified Public Accountant Certificate
2 No. CPA36630 was issued by the Board to Clayton Alan Bromberg for the practice of certified
3 public accountancy. Certificate No. 36630 expired during the period from April 1, 1990 to July
4 8, 1990. The certificate was renewed effective July 9, 1990 through March 31, 1992. The
5 certificate again expired during the period of April 1, 1992 through July 16, 1992 and was
6 renewed effective July 17, 1992. The certificate expired during the period of April 1, 1994
7 through April 19, 1994 and was renewed effective April 20, 1994 through March 31, 1996. The
8 certificate again expired during the period of April 1, 1996 through April 14, 1996 and was
9 renewed effective April 15, 1996. Said certificate expired effective April 1, 1998 and is
10 currently not in force and effect. The last address of record given to the Board by Respondent
11 and Certificate Number CPA 36630 is 23133 Ventura Boulevard, Suite 201, Woodland Hills,
12 California 91364.

13 3. On March 24, 1998, in the Superior Court of California, County of
14 Ventura, in a criminal action entitled The People of the State of California v. Clayton Alan
15 Bromberg, case number CR38024D, Respondent was convicted by a plea of guilty to violating
16 count 7 (Penal Code ("PC") 487), count 13 (Corp. Code 25401), count 15 (PC 487), count 16
17 (PC 487), and count 21 (Corp. Code 25110) felonies.

18 a. The circumstances surrounding the conviction are that in or about between
19 January 31, 1992 and December 31, 1992, Respondent did willfully and in the same period of
20 time, did willfully and unlawfully offer to sell and sell a security to Susan Forward by means of a
21 written and oral communication which included an untrue statement of a material fact and
22 omitted to state a material fact necessary in order to make the statement made, in light of the
23 circumstances under which it was made, not misleading.

24 b. In or about between September 11, 1991 and September 17, 1992,
25 Respondent did willfully and unlawfully take money or personal property of a value exceeding
26 four hundred dollars, to wit, money, the property of The Guardian Life Insurance Company.
27 Furthermore, in the same time period, Respondent did willfully and unlawfully take money or

1 personal property of a value exceeding four hundred dollars, to wit, money, the property of
2 Chubb LifeAmerica Insurance Company.

3 c. In or about between January 31, 1992 and December 31, 1992,
4 Respondent did willfully and unlawfully offer to sell and issue, and cause to be issued, to Susan
5 Forward a security, to wit, stock in an entity, without having first applied for and secured from
6 the Commissioner of Corporations of the State of California, a qualification of such security and
7 transaction as required by Corporations Code section 25110.

8 d. Respondent also admitted to special allegation number 5, admitting that he
9 took money of a value exceeding \$150,000, the property of Susan Forward, Wendy Forward, and
10 Matthew Jones within the meaning of Penal Code section 12022.6(b). Respondent further
11 admitted to special allegation number 6, admitting to a meeting to apprise victims of the status of
12 the entities they believed their investment funds had capitalized. The victims were told that the
13 entities were insolvent, had not conducted any significant business, and would not likely conduct
14 any significant business absent an infusion of capital, the source of which was at that time
15 unknown or unexpected. Prior to that time victims were told that the entities which the victims
16 believed had been capitalized with their investment funds were either operating, or had good or
17 legitimate prospects for operating, and had sufficient working capital on hand. No access to the
18 books or records of account of the entities were available to the victims, or the entities lacked
19 sufficient records or procedures from which a reasonable person could have determined whether
20 or not victims' investment funds had been used for the purposes promised or represented. No
21 victim was aware of the use of their investment funds for purposes other than promised or
22 represented until about October 1, 1995, at which time a cash flow analysis was first prepared by
23 a forensic accountant. The cash flow analysis was based upon a compilation and database of
24 bank records and transactions of the entities and others and showed that the victims' money was
25 not used as represented or promised. Due to numerous and complex accounts and interaccount
26 transactions, it would have been impossible to trace the use of victims' funds without this cash
27 flow analysis by an expert. Respondent further admits to special allegation number 7, admitting

1 on or about November 18, 1992, Adams, Duque & Hazeltine was engaged by Guardian Life
2 Insurance Company to collect commissions paid in connection with the issuance of life insurance
3 policies on the lives of Frank Cockrell II and Grace Cockrell. Attorney Bruce Beckman began
4 investigating potential claims by Guardian for collection of commissions paid. Not earlier than
5 January 1, 1993, did Beckman obtain facts believed to show fraud in connection with the seeking
6 of the commissions and commenced drafting civil complaint for fraud against various
7 individuals. Chubb LifeAmerica engaged the law firm not earlier than January 1, 1993 to collect
8 on a promissory note executed by Wayne Fleischer where he promised to repay commissions
9 received in connection with life insurance policies issued by Chubb on the lives of the Cockrells
10 upon a premature cancellation of the policies.

11 e. Respondent is further subject to disciplinary action by the Board pursuant
12 to Title 16 CCR section 3(a) in that he failed to report his change of address within 30 days after
13 the change. The change of address was forwarded to the Board by the postal authorities on U.S.
14 Postal Service form 3547, dated March 25, 1998. The Board mailed on May 22, 1998, by
15 certified receipt (Z155878402), a letter stating that Respondent was in violation of Title 16 CCR
16 section 3 and enclosed a change of address form for Respondent's use. Return receipt shows that
17 on June 3, 1998, Respondent received and signed for the letter. The Respondent did not submit a
18 change of address to the Board until October 6, 1998

19 DETERMINATION OF ISSUES

20 Based on the foregoing findings of facts, cause for discipline exists
21 pursuant to California Business and Professions Code sections 5100(a), 5100(c), 5100(h),
22 5100(j), 490 and Title 16 California Code of Regulations section 3.

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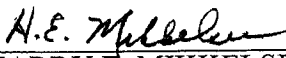
1 DISCIPLINARY ORDER

2 WHEREFORE, IT IS ORDERED:

3 Certified Public Accountant Number CPA 36630, issued to Clayton Alan
4 Bromberg, is hereby revoked.

5 This Default Decision shall become effective on APRIL 25TH, 1999.

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7 DATED: MARCH 26, 1999

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9 
10 HARRY E. MIKKELSEN
11 Board President
12 Board of Accountancy
13 Department of Consumer Affairs
14 State of California

15 Complainant

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1 DANIEL E. LUNGREN, Attorney General
of the State of California
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8 **BEFORE THE**
BOARD OF ACCOUNTANCY
9 **DEPARTMENT OF CONSUMER AFFAIRS**
STATE OF CALIFORNIA

10 In the Matter of the Accusation) NO. AC-99-3
11 Against:)
12 CLAYTON ALAN BROMBERG) ACCUSATION
23133 Ventura Blvd., Ste. 201)
13 Woodland Hills, CA 91364)
14 Certified Public Accountant No.)
CPA 36630)
15 Respondent.)

16
17 COMES NOW Complainant Carol B. Sigmann, who as cause
18 for disciplinary action, all goes:

19 **PARTIES**

20 1. Complainant is the Executive Officer of the
21 California State Board of Accountancy ("Accountancy") and makes
22 and files this Accusation solely in her official capacity.

23 License Status

24 2. On or about January 28, 1983, Certified Public
25 Accountant Certificate No. CPA36630 was issued by the Board to
26 Clayton Alan Bromberg ("Respondent"), for the practice of
27 certified public accountancy. Certificate No. 36630 expired

1 during the period from April 1, 1990 to July 8, 1990. The
2 certificate was renewed effective July 9, 1990 through March 31,
3 1992. The certificate again expired during the period of April
4 1, 1992 through July 16, 1992 and was renewed effective July 17,
5 1992. The certificate expired during the period of April 1, 1994
6 through April 19, 1994 and was renewed effective April 20, 1994
7 through March 31, 1996. The certificate again expired during the
8 period of April 1, 1996 through April 14, 1996 and was renewed
9 effective April 15, 1996. Said certificate expired on April 1,
10 1998 and is currently not in force and effect. The last address
11 of record for Respondent and certificate number CPA 36630 is
12 11742 Baird Avenue, Northridge, California 91326.

13 JURISDICTION

14
15 3. This Accusation is made in reference to the
16 following statutes of the California Business and Professions
17 Code ("Code"):

18 a. Section 5100 provides that after notice and hearing
19 the Board may revoke, suspend or refuse to renew any permit or
20 certificate granted under Article 4 (commencing with section
21 5070) and Article 5 (commencing with section 5080), or may
22 censure the holder of that permit or certificate for
23 unprofessional conduct which includes, but is not limited to one
24 or any combination of the following causes:

25 b. Section 5100 (a) a conviction of any crime
26 substantially related to the qualifications, functions and duties
27 of a certified public accountant or a public accountant.

1 c. Section 5100(c) dishonesty, fraud, or gross
2 negligence in the practice of public accountancy or in the
3 performance of the bookkeeping operations described in Section
4 5052.

5 d. Section 5100(h) fiscal dishonesty or breach of
6 fiduciary responsibility of any kind.

7 e. Section 5100(j) embezzlement, theft,
8 misappropriation of funds or property, or obtaining money,
9 property, or other valuable consideration by fraudulent means or
10 false pretenses.

11 4. Section 5106 provides, in pertinent part, that a
12 plea or verdict of guilty or a conviction following a plea of
13 nolo contendere is deemed to be a conviction within the meaning
14 of this article. The record of the conviction shall be
15 conclusive evidence thereof. The Board may order the certificate
16 or permit suspended or revoked, or may decline to issue a
17 certificate or permit, when the time for appeal has elapsed . . .

18 5. Section 490 of the Code provides that the Board may
19 suspend or revoke the certificate of a certified public
20 accountant on the ground that the certified public accountant has
21 been convicted of a crime, if the crime is substantially related
22 to the qualifications, functions, or duties of the profession for
23 which the certificate was issued.

24 6. Title 16, California Code of Regulations ("CCR"),
25 section 99 provides that a crime is considered by the Board to be
26 substantially related to the qualifications, functions, or duties
27 of a certified public accountant if to a substantial degree it

1 evidences the present or potential unfitness of the certified
2 public accountant to perform the functions authorized by the
3 certificate in a manner consistent with the public health, safety
4 or welfare, including but not limited to, those involving fiscal
5 dishonesty, or breach of fiduciary responsibility of any kind, or
6 dishonesty, fraud, or gross negligence in the practice of public
7 accountancy or in the performance of bookkeeping operations.

8 7. Section 5600, states that all licenses issued or
9 renewed under this chapter on or after August 31, 1985, shall
10 expire at 12 p.m. on the birthday of the license holder in each
11 odd-numbered year following the issuance or renewal of the
12 license.

13 8. Title 16, CCR, section 3(a) states, in pertinent
14 part, that each licensee shall report to the Board in writing any
15 change in his or her address of record within 30 days after the
16 change. The report shall include the licensee's previous address
17 of record. The address of record is public information. Each
18 licensee shall report to the Board in writing any change in his
19 or her telephone number within 30 days after the change. The
20 report shall include the licensees's previous telephone number.

21 a. Section 3(b) of the CCR states that if the address
22 of record is not the licensee's primary place of
23 employment or residence or is a post office box or mail
24 drop, then the licensee shall also report the street
25 address and telephone number of either his or her
26 primary place of employment or his or her residence

27 b. Section 3(c) of the CCR states that each licensee

1 shall report any change in the address of any location
2 where he or she is engaged in the practice of public
3 accountancy within 30 days after the change. Each
4 licensee shall report any change in the telephone
5 number of any location where he or she is engaged in
6 the practice of public accountancy within 30 days after
7 the change.

8 9. Section 5107 provides, in part, that the Board may
9 request the administrative law judge, as part of the proposed
10 decision in a disciplinary proceeding, to direct any holder of a
11 permit or certificate found in violation of section 5100 (a),
12 (c), (h), or (i) to pay to the Board all reasonable costs of
13 investigation and prosecution of the case, including, but not
14 limited to, attorney's fees.

15 FACTS

16 10. Respondent Clayton Alan Bromberg is subject to
17 disciplinary action by the Board pursuant to Business and
18 Professions Code sections 5100 and 490 for the conviction of
19 substantially related crime within the scope of Business and
20 Professions Code sections based on the following:

21 a. On March 24, 1998, in the Superior Court of
22 California, County of Ventura, in a criminal action entitled The
23 People of the State of California v. Clayton Alan Bromberg case
24 number CR38024D, Respondent was convicted by a plea of guilty to
25 violating count 7 (Penal Code ("PC") 487), count 13 (Corp. Code
26 25401), count 15 (PC 487), count 16 (PC 487), and count 21 (Corp.
27 Code 25110) felonies.

1 b. The circumstances surrounding the conviction are
2 that in or about between January 31, 1992 and December 31, 1992,
3 Respondent did willfully and in the same period of time, did
4 willfully and unlawfully offer to sell and sell a security to
5 Susan Forward by means of a written and oral communication which
6 included an untrue statement of a material fact and omitted to
7 state a material fact necessary in order to make the statement
8 made, in light of the circumstances under which it was made, not
9 misleading.

10 c. In or about between September 11, 1991 and September
11 17, 1992, Respondent did willfully and unlawfully take money or
12 personal property of a value exceeding four hundred dollars, to
13 wit, money, the property of The Guardian Life Insurance Company.
14 And in the same time period, Respondent did willfully and
15 unlawfully take money or personal property of a value exceeding
16 four hundred dollars, to wit, money, the property of Chubb
17 LifeAmerica Insurance Company.

18 d. In or about between January 31, 1992 and December
19 31, 1992, Respondent did willfully and unlawfully offer to sell
20 and issue, and cause to be issued, to Susan Forward a security,
21 to wit, stock in an entity, without having first applied for and
22 secured from the Commissioner of Corporations of the State of
23 California, a qualification of such security and transaction as
24 required by Corporations Code section 25110.

25 e. Respondent also admitted to special allegation
26 number 5, admitting that he took money of a value exceeding
27 \$150,000, the property of Susan Forward, Wendy Forward, and

1 Matthew Jones within the meaning of Penal Code section
2 12022.6(b). Respondent further admitted to special allegation
3 number 6, admitting to a meeting to apprise victims of the status
4 of the entities they believed their investment funds had
5 capitalized. The victims were told that the entities were
6 insolvent, had not conducted any significant business, and would
7 not likely conduct any significant business absent of infusion of
8 capital, the source of which was at that time unknown or
9 unexpected. Prior to that time victims were told that the
10 entities which the victims believed had been capitalized with
11 their investment funds were either operating, or had good or
12 legitimate prospects for operating, and had sufficient working
13 capital on hand. No access to the books or records of account of
14 the entities were available to the victims, or the entities
15 lacked sufficient records or procedures from which a reasonable
16 person could have determined whether or not victims' investment
17 funds had been used for the purposes promised or represented. No
18 victim was aware of the use of their investment funds for
19 purposes other than promised or represented until about October
20 1, 1995, at which time a cash flow analysis was first prepared by
21 a forensic accountant. The cash flow analysis was based upon a
22 compilation and database of bank records and transactions of the
23 entities and others and showed that the victims' money was not
24 used as represented or promised. Due to numerous and complex
25 accounts and interaccount transactions, it would have been
26 impossible to trace the use of victims' funds without this cash
27 flow analysis by an expert. Respondent further admits to special

1 allegation number 7, admitting on or about November 18, 1992,
2 Adams, Duque & Hazeltine was engaged by Guardian Life Insurance
3 Company to collect commissions paid in connection with the
4 issuance of life insurance policies on the lives of Frank
5 Cockrell II and Grace Cockrell. Attorney Bruce Beckman began
6 investigating potential claims by Guardian for collection of
7 commissions paid. Not earlier than January 1, 1993, did Beckman
8 obtain facts believed to show fraud in connection with the
9 seeking of the commissions and commenced drafting civil complaint
10 for fraud against various individuals. Chubb LifeAmerica engaged
11 the law firm not earlier than January 1, 1993 to collect on a
12 promissory note executed by Wayne Fleischer where he promised to
13 repay commissions received in connection with life insurance
14 policies issued by Chubb on the lives of the Cockrells upon a
15 premature cancellation of the policies.


16 f. Respondent is further subject to disciplinary action
17 by the Board pursuant to Title 16 CCR section 3(a) in that he
18 failed to report his change of address within 30 days after the
19 change. The change of address was forwarded to the Board by the
20 postal authorities on U.S. Postal Service form 3547, dated March
21 25, 1998. The Board mailed, by certified receipt (Z155878402), a
22 letter stating that Respondent was in violation of Title 16 CCR
23 section 3 and enclosed a change of address form for Respondent's
24 use. Return receipt shows that on June 3, 1998, Respondent
25 received and signed for the letter, but as of September 23, 1998,
26 Respondent has not submitted the change of address form to the
27 Board.

1 PRAYER

2 WHEREFORE, Complainant requests that a hearing be held
3 on the matters alleged herein, and that following said hearing,
4 the Board of Accountancy issue a Decision:

- 5 1. Revoking, suspending, or otherwise imposing
6 discipline upon Certified Public Accountant Number
7 CPA36630, heretofore issued to Respondent Clayton
8 Alan Bromberg;
9 2. Awarding the Board costs as provided by statute;
10 and
11 3. Taking such other and further action as the Board
12 deems proper.

13
14 DATED: December 31, 1998

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16 Carol B. Sigmann
17 Executive Officer
18 Board of Accountancy
19 Department of Consumer Affairs
20 State of California
21 Complainant

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